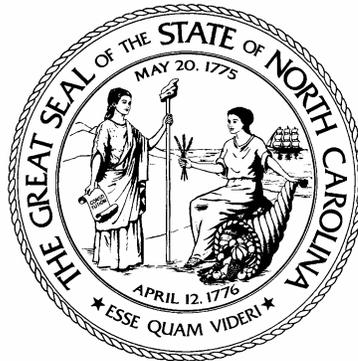


LEGISLATIVE RESEARCH COMMISSION

**Resolution of Conflicts Between
Boards of Education and County Commissioners**



REPORT TO THE
2001 SESSION OF THE
2001 GENERAL ASSEMBLY
OF NORTH CAROLINA

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1999 - 2000

LEGISLATIVE RESEARCH COMMISSION

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PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is cochaired by the Speaker of the House of Representatives and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission, prompted by actions during the 1999 Session and 2000 Sessions, has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of the resolution of conflicts between boards of education and county commissioners was authorized by PART II, Section 4.1(3)c. of S.L. 1999-395. The relevant portions of Chapter 395 are included in Appendix A.

The Legislative Research Commission authorized this study under authority of G.S. 120-30.17(1) and grouped this study in its Intergovernmental Issues Grouping area under the direction of Representative Wainwright. The Committee was chaired by Senator Linda Garrou and Representative Douglas Yongue. The full membership of the Committee is listed in

Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee will be filed in the Legislative Library by the end of the 1999-2000 biennium.

COMMITTEE PROCEEDINGS

The Committee on Resolving Conflicts Between School Boards and County Commissioners first met on February 10, 2000. At this meeting, the Committee received general information from several Institute of Government Faculty members. Mr. Don Liner reviewed the State and local funding and governance structures for North Carolina public schools. He provided some historical background as well as general comparisons with other states. Mr. John Stephens reviewed the budget dispute resolution process between school boards and county commissioners. He gave an historical overview of how the procedure for resolving conflicts has evolved. Ms. Susan Flinspach gave an overview of other States' Funding while focusing on a regional comparison of states with independent school systems and states with dependent systems. Based on her research, she concluded that there was no clear association between the governance structure of school boards (independent vs. dependent) and the level of educational funding those boards received.

On March 9, 2000, the Committee held its second meeting and heard presentations from several members of the General Assembly staff. Kory Goldsmith and Phyllis Pickett, Committee Co-counsel, presented a legal memorandum outlining the current State and local budgetary process (See Exhibit 1, attached). Mr. Philip Price, Fiscal Analyst, provided some longitudinal information related to State, local, and federal spending for current expenses from 1970 to 1998. The Committee then heard presentations from Ms. Leanne Winner, North Carolina School Boards Association, and Mr. Ed Reagan, North Carolina Association of County Commissioners.

Ms. Winner presented information indicating that many school boards believe that county commissioners attempt to influence school policy by using the budgetary process. She noted that some school boards are very reluctant to force a budgetary mediation for fear of future budgetary retaliation by the county commissioners. Ms. Winner also stated that the current funding structure reduces local accountability because school boards can blame the

county commissioners if the schools lack resources and the county commissioners can blame school boards if citizens are unhappy with educational policies.

Mr. Reagan noted that the County Commissioners Association does not believe there is a problem. He noted that the budget process is built on a dynamic tension, but that was beneficial because the commissioners must look at all the needs of the county. He noted that the current system has produced “good to excellent” credit ratings for North Carolina’s counties and questioned what impact any change would have on that status. Finally, Mr. Reagan cautioned that if the State grants independent taxing authority to school boards, other local agencies would want similar authority.

The Committee scheduled a third meeting for April 4, 2000. However, that meeting was cancelled due to the Special Extra Session on tobacco litigation and the enforcement of civil judgments.

The Committee held its final meeting on December 14, 2000. At that meeting the Committee reviewed the results from a survey of local boards of education. The Committee then reviewed the Draft Report and approved it for submission to the Legislative Research Commission.

SURVEY OF LOCAL SCHOOL ADMINISTRATIVE UNITS

I. Methodology

At the direction of the cochairs, committee counsel created a survey designed to gather information on the extent to which local boards of education support, oppose, or have no position on legislative action granting to them local taxing authority for public school needs.

Contents

The survey (See Exhibit 2, attached) consisted of 3 questions:

- Has your local board of education taken an official position on whether school boards should have independent taxing authority?
- If so, what is that position and when did the board take that position?
- If not, is your local school board planning to take an official position?

In addition to the questions, the survey included the following:

REQUEST FOR COMMENTS:

- If any member of your local board of education wants to make written comments concerning the issue of independent taxing authority for school boards, the Committee invites the member to submit written comments attached to this form or e-mail comments to committee legal staff at phyllisp@ncleg.net or koryg@ncleg.net.
- If any member of your local board of education is interested in appearing before the Committee as part of a public hearing, the member is invited to indicate such interest below or e-mail as instructed above.

- OTHER INFORMATION - Please attach or e-mail as instructed above any additional information that you believe would be of assistance to the Committee in reviewing the issue of local school funding disputes and related matters?

Finally, the survey included a request for information as to who responded to the survey and which local school administrative unit the respondent represented.

A cover letter from the cochairs accompanied the survey. The cover letter identified the LRC Committee, outlined the contents of the survey, requested responses by October 6th, and thanked the participants for their time and attention.

Distribution

During the second week of September 2000, the committee clerk mailed the cover letter and the survey to the chairs of all 117 local boards of education. Copies of the survey and cover letter were also mailed to each LRC committee member. With the assistance of the Department of Public Instruction (DPI), copies of the cover letter and survey were faxed to all Superintendents. About two weeks later, DPI again faxed the cover letter and survey to all Superintendents. Based upon feedback from some local school administrative units, it appears that a number of Superintendents may not have received the complete survey in one or both of the faxes. In those cases where we received incomplete responses, staff contacted the Superintendent directly, provided the complete survey, and recorded the response.

After the October 6th response date passed, the committee clerk re-mailed the survey and cover letter to the chairs of school boards in those school administrative units that had not previously responded. November 3rd was the final date for responses.

II. Results

94 out of 117 local school administrative units responded to the survey (See Exhibit 3, attached). This represents about an 80% response rate. 23 local school administrative units did not respond to the survey. It appears that in several instances, the survey was distributed among all the members of a local board.

- 47 local boards responding to the survey have not taken any position on the issue. Of these boards:
 - 5 respondents are currently considering or discussing taking a position.
 - 2 respondents have declined to vote on or have or tabled a motion to support independent taxing authority.
 - 2 respondents have discussed the issue, but taken no action.
 - 1 respondent local board already has independent taxing authority, and therefore does not plan to take a position.
- 30 local boards responding to the survey have taken a position in support of independent taxing authority.
- 16 responding local boards have taken a position opposing independent taxing authority.
- 1 board responded to the survey, but it is functioning under an agreement with its Board of County Commissioners regarding the allocation of tax revenues. Therefore, it was counted as responding to the survey, but not otherwise categorized.
- Some responding board members and/or superintendents expressed interest in testifying before the committee.
- Some of the respondent units included additional comments or copies of relevant resolutions.

APPENDIX A

SESSION LAWS 1999 – 395

Part 2, Section 2.1(3)c.

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE VARIOUS STUDY COMMISSIONS, TO DIRECT STATE AGENCIES AND LEGISLATIVE OVERSIGHT COMMITTEES AND COMMISSIONS TO STUDY SPECIFIED ISSUES, AND TO AMEND OTHER LAWS.

...

PART II.-----LEGISLATIVE RESEARCH COMMISSION

Section 2.1. The Legislative Research Commission may study the topics listed below. When applicable, the bill or resolution that originally proposed the issue or study and the name of the sponsor is listed. Unless otherwise specified, the listed bill or resolution refers to the measure introduced in the 1999 Regular Session of the 1999 General Assembly. The Commission may consider the original bill or resolution in determining the nature, scope, and aspects of the study. The following groupings are for reference only:

...

(3) Education Issues: ...

c. Resolution of conflicts between boards of education and county commissioners.

APPENDIX B

RESOLUTION OF CONFLICTS BETWEEN BOARD OF EDUCATION AND COUNTY COMMISSIONERS COMMITTEE (LRC)

1999-2001

S.L. 1999-395

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